

REQUEST FOR PROPOSALS
FOR A
WIND ENERGY PROJECT
MARTINSDALE II WIND FARM
NEAR MARTINSDALE, MONTANA
WHEATLAND and MEAGHER COUNTIES



STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND
CONSERVATION

TRUST LAND MANAGEMENT DIVISION

April 21, 2010

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GENERAL INFORMATION

1. DESCRIPTION OF SOLICITATION

1.1 Introduction

The Department of Natural Resources and Conservation (DNRC) Trust Land Management Division requests proposals from wind energy project developers for the development of wind exploration and energy generation facilities to be located on state school trust lands. The state school trust lands covered in this Request for Proposals (RFP) are described in Section 1.2 of this RFP.

DNRC seeks proposals from experienced wind project developers capable of designing, constructing, financing, and operating a commercial-scale wind energy facility. To receive serious consideration, proposals must also incorporate state-of-the-art measures to minimize impacts to the environment.

1.1.1 Site Visit

Applicants interested in visiting the site should contact Clive Rooney at the DNRC Northeastern Land Office: crooney@mt.gov and/or (406) 535-1904.

1.1.2 Legal Access to Property Restricted

Applicants should be advised that public access to the property may or may not exist. If no public access exists, access for applicants would need to be arranged by the applicant through an adjacent landowner.

1.1.3 This RFP is in Two Phases

The development of wind energy on state trust lands is offered under a competitive bidding process through an RFP in a two phase process. This RFP offering is for Phase I and is intended to select a qualified developer under Phase I selection criteria. If the department determines the proposal is responsive and meets minimum criteria, a land use license will be offered to allow the developer access and development rights to the parcel(s). Phase II of the RFP process will be required. Upon completion of the elements of all RFP phases, including approval of an environmental review through the Montana Environmental Policy Act (MEPA) process, a lease will be offered to the developer.

Phase I:

Cover and Title Page (Sect. 3.1);

Intent and Project Characteristics (Sect. 3.2);

Bidder Description (Sect. 3.3);
Legal Entity of Bidder (Sect. 3.4);
Plans and Financing (Sect. 3.5);
Project Description (Sect. 3.6);
Site Access and Acquisition (Sect. 3.7);
Project Development Status (Sect. 3.8);
MET Towers (Sect. 3.9);
Turbine Manufacturers and Procurement (Sect. 3.10);
Compensation to the State (Sect. 3.11); and
Proposal Evaluation (Sect. 3.12).

Highest legitimate bidder will be invited to submit information required in Phase II.

Phase II:

Project Description (Sect. 4.1);
Demonstration of Financial Ability (Sect. 4.2);
Project Site and Expansion Potential (Sect. 4.3);
Site Control (Sect. 4.4);
Project Output (Sect. 4.5);
Wind Resources (Sect. 4.6);
Major Equipment (Sect. 4.7);
Transmission Availability and Electrical Interconnection (Sect. 4.8);
Environmental Review, Key Permits (Sect. 4.9);
Schedule (Sect. 4.10); and
Additional Information (Sect. 4.11)

DNRC reserves the right to reject any or all proposals.

1.2 Trust Lands Offered for Wind Energy Project

County:

Wheatland County

Location:

T09NR14E	16 ALL	640.00
T09NR14E	30 SE4, S2SW4	240.97
T08NR14E	6 LOTS 1 THRU 7, SE4NW4,S2NE4,E2SW4,SE4	625.56
T08NR14E	16 ALL	640.00
T08NR14E	18 LOTS 2,3,4,SE4NW4,SE4SW4	184.62
T08NR14E	32 ALL	640.00
T07NR14E	10 ALL	640.00
T09NR13E	36 ALL	640.00
T08NR13E	6 LOTS 6,7,E2SW4,SE4	310.20
T08NR13E	8 W2	320.00
T08NR13E	12 ALL	640.00
T08NR13E	14 ALL	640.00
T08NR13E	16 ALL	640.00
T08NR13E	36 ALL	640.00
T09NR12E	36 ALL	640.00
T08NR12E	20 NE4,E2NW4,PT W2NW4, S2	620.07
T08NR12E	28 ALL	640.00
T08NR12E	30 NE4, PT NW4, S2	582.19
T08NR12E	32 ALL	640.00
T07NR12E	4 S2NE4,SE4NW4,S2	440.00
T07NR12E	6 LOTS 1 THRU 6,S2NE4,SE4NW4,N2SE4,NE4SW4	464.29
T07NR12E	8 ALL	640.00
T07NR12E	32 W2NE4,NW4	240.00

County:

Meagher County

Location:

T09NR11E	4 LOTS 3 & 4, S2NW, S2 - 485.797 ACS	485.80
T09NR11E	9 ALL - 647.481 ACS	647.48
T09NR11E	13 N2 - 324.086 ACS	324.09
T09NR11E	14 ALL - 651.134 ACS	651.13
T09NR11E	15 ALL - 652.103 ACS	652.10

T09NR11E	16 ALL - 647.198 ACS	647.20
T09NR11E	22 ALL - 652.119 ACS	652.12
T09NR11E	26 ALL - 650.653 ACS	650.65
T08NR11E	36 ALL - 645.929 ACS	645.93
T07NR11E	2 LOTS 1,2,3,4, S2N2, S2 - 635.100 ACS	635.10
T07NR11E	14 S2S2 - 160.388 ACS	160.39
T07NR11E	24 W2 - 322.136 ACS	322.14
T07NR11E	36 ALL - 640.486 ACS	640.49
TOTAL:		19,462.52

1.3 Objectives

DNRC's objectives in issuing this RFP are:

- To lease state trust lands for wind exploration and new commercial-scale wind facilities;
- To generate income for state trust beneficiaries that reflects full market value of the use of trust lands for wind energy development; and
- To achieve commercial operation of the wind projects as soon as possible, with minimal impacts to the environment.

This solicitation is not aimed at research or demonstration projects.

1.4 Solicitation Schedule; Deadline for Receipt

The schedule for this RFP is as follows:

April 21, 2010Publish Request for Proposals.

May 26, 2010.....Phase I proposals are due by 5 p.m. Mountain Time.

June 16, 2010Phase I proposals are scored and the successful respondent is notified.

All proposals must be received before the deadline to receive consideration.

1.5 Where to Send Proposals

Submit five paper copies of the proposal to the address shown below:

MARTINSDALE II WIND FARM SEALED COMPETITIVE BID
DNRC – REMB
Attn: MIKE SULLIVAN
1625 11th Avenue
HELENA MT 59620

Also provide a CD, or email the file(s), containing the proposal to Mike Sullivan at the address above and/or emailed to: misullivan@mt.gov.

The file(s) must be in Microsoft Word and/or Excel files.

1.6 Withdrawal and Modification of Proposals

Bidders may withdraw their proposal and submit a revised proposal prior to the response deadline. After the response deadline, bidder-initiated changes will not be accepted.

1.7 Confidential or Proprietary Information

DNRC will not accept proposals or other documents that are marked to indicate the entire document is the confidential or proprietary information of the sender or that restricted handling is required. If the bidder considers data to be confidential or proprietary, those portions of the proposal must be clearly marked “Confidential” on each page containing confidential information.

1.8 Communication

Communication with DNRC related to this RFP must be sent by email to Mike Sullivan at misullivan@mt.gov; (406) 444-6660.

Parties who request a copy of the RFP or send email regarding the RFP will be placed on an email distribution list. Questions and requests for clarification regarding the RFP – and DNRC responses – will be distributed to everyone on the email distribution list.

2. RESPONSE FORMAT

2.1 Introduction

This section contains the instructions for preparing the Technical Proposal. If more than one proposal is submitted, each must be submitted as a separate proposal that includes the requested project information. A minimum set of mandatory information is required to ensure an adequate description of the proposed work. A prescribed format for the proposal is given to facilitate preparation and evaluation.

The merits of a proposal depend on: (1) how well the proposal demonstrates understanding of and meets DNRC's objectives and requirements as described in the Project Description; (2) the bidder's qualifications; and (3) the bidder's responsiveness to the technical proposal preparation instructions, which follow. Additional material may be presented beyond that requested only if it is necessary for clarification of the proposal.

Elaborate proposals, lengthy discussions, and non-critical attachments are discouraged.

2.2 Proposal Details and Format

The proposal presents the bidder's plans for the project based on the concepts given in the Project Description, the details requested below, and how the bidder expects the project to proceed.

The proposal must be organized and have the requested information in the sequence presented below. Sections must be numbered and identified as given below. Additional subsections may be defined if they will help present and identify important material. If a requested item is not known or is not applicable, please indicate that in the applicable section of the proposal. Relevant documents may be cited, but copies are not expected to be included as part of the proposal at this time unless specifically requested.

Please note that if an applicant has questions or seeks clarification regarding the RFP, and that question and answer may be applicable to all RFP applicants, the questions and the DNRC's answers may be provided to all RFP applicants by email.

Proposals must be "typed" on 8.5x11 inch paper with each page numbered. For ease in reading maps may be submitted on larger paper up to 11x17 in paper. Proposals must also be submitted as computer files in Microsoft Word and/or Excel. The computer files should be submitted on a CD or emailed as specified in Sections 1.5.

2.3 Response Detail

Responses to Phase I should be clear and concise, designed to convey intent and the basic concept of supporting information.

Responses to Phase II should be in-depth, conclusive and definitive.

For example, if a statement in Phase I was made indicating that officials from the U.S. Fish and Wildlife Service believe the proposed wind development will be clear of any avian concerns,

Phase II would include specific information and supporting documentation from the USFWS clearly supporting the statement made in Phase I.

2.4 Proposal Evaluation Process

Each proposal received on time will be reviewed and evaluated by a proposal evaluation panel composed of DNRC staff and consultants.

Proposals will be screened to determine if they contain the requested information in the required format. Proposals that meet these criteria will be designated *responsive* and proceed to the next level of evaluation. Proposals that do not meet these criteria will be designated *non-responsive* and set aside.

Responsive proposals will be evaluated and ranked according to the criteria found in Phase I and II.

2.5 Developer Selection and Contract Award Process

The responsive proposal with the best overall score will be offered a land use license (LUL) for "Exploration and Secured Development Rights." This LUL will be charged according to the bid criteria for "Exploration and Secured Development Rights" as indicated within Section 3. If no proposals are deemed satisfactory, DNRC may return all proposals and may issue a new solicitation.

The top ranking bidder will be contacted to confirm details relative to their Technical Proposal, development schedule, and compatibility with DNRC's decision-making schedule. A letter of intent to enter into a LUL will be sent to the bidder. Best faith efforts will be made at this stage by DNRC and the selected bidder to execute the LUL. If this is not possible within 90 days of issuing the letter of intent, the proposal may be eliminated and the process may be repeated for the next qualified proposal, or the DNRC may choose to re-open the bid at another time.

2.6 Threshold Requirements

Proposed projects must meet the following threshold requirements. Proposals that do not meet these requirements will be rejected.

Phase I and II

1. The proposal must be received before the response deadline, adhere to the Response Format, and contain all of the requested information.

Phase II

1. The developer must demonstrate site control by providing copies of wind leases on adjacent lands or other evidence that the developer has secured all land and access rights needed to construct and operate the facility for the term of the lease.
2. Output from the facility must be delivered to a transmission line that has sufficient capacity to transmit power and has firm and or non-firm transmission rights available or already in the applicant's name. Transmission considerations are discussed in Section 5.2 of this RFP. The applicant must demonstrate that the above is possible or necessary steps will be taken to acquire and accomplish the requirement.

3. The developer must provide estimates of hourly, daily, and monthly power production, as further described in the Response Format section of this RFP.
4. The developer must be willing to cooperate in the environmental review required under the Montana Environmental Policy Act (MEPA). MEPA requires state agencies to consider the environmental impacts of any major decision before making an irretrievable commitment of resources. The MEPA process is described in Section 5.3 below. Costs associated with the development and completion of MEPA will be assessed to the applicant.

PHASE I

3. TECHNICAL PROPOSAL

3.1 Cover and Title Page

Put the name of the project, company name, date of the proposal, the person(s) responsible for the proposal preparation, and all co-sponsors currently in the project. The cover shall include the legend “Technical Proposal for Evaluation Purposes by the Department of Natural Resources and Conservation.” Number each copy on the cover.

Clearly show that this is the Technical Proposal Phase I on both the cover and title pages. Number each copy of submitted proposals as 1 of 5, 2 of 5, and so on. Please submit five copies.

3.2 Intent and Project Characteristics

The intent of this RFP is to receive responses that demonstrate the experience of the Bidder in wind farm development and operation, and to evaluate the Bidder’s ability to secure project financing, and ultimately achieve the objectives described in Section 1.3.

- To lease state trust lands for wind exploration and new commercial-scale wind facilities;
- To generate income for state trust beneficiaries that reflects fair market value of the use of trust lands for wind energy development; and
- To achieve commercial operation of the wind projects as soon as possible, with minimal impacts to the environment.

3.3 Bidder Description

Provide the following:

- Background;
- Years of experience of each team member in projects similar to this Proposal (team members are individuals that will have direct and primary responsibility for the development of the wind farm);
- Megawatts of projects financed and/or operated by Bidder;
- Projects developed including facility name, location, size (If a project was developed by the bidder and is now operated by a different entity, clearly indicate that as well.); and
- The role of the developer in the wind farm’s development and operation.

3.4 Legal Entity of Bidder

Description of the current or proposed legal status of Bidder, the state of incorporation and all affiliated companies, including holding companies, subsidiaries, and predecessor companies

presently or in the past engaged in developing and/or implementing similar projects. Description should include but is not limited to:

- What type of business entity is the proposer – LLC, Corporation, Partnership, Joint Venture, etc.?
- Is the business entity registered with the Montana Secretary of State and authorized to do business in Montana?
- Is the business entity currently active and in good standing with the Montana Secretary of State?
- In what state (or country) is the business entity primarily domiciled?
- Is the business entity name the same or different in Montana than from other elements of the business entity in other states (or countries)?

3.5 Plans and Financing

- Describe the structure and status of a plan for Project financing. Include major provisions of the plan along with any milestones the Project must meet for ongoing financing.
- If past financing has resulted in an operational wind farm briefly describe that past financing process.
- Provide a list of any current credit issues raised by rating agencies, banks, or accounting firms and a list of all credit ratings from the major rating agencies, if available.

3.6 Project Description

Describe a plan of development for the wind farm. The intent of this criterion is to assess the wind farm developer's capacity and interest in developing the project in a timely manner, preferably in 5 years or less.

3.7 Project Development Status

Identify anticipated completion dates of major project milestones including:

- Permitting – Describe the permitting plan and timeline anticipated to collect baseline information and other environmental data. Indicate if environmental baseline information has already been collected including location of data collection and dates.
- Transmission plan – Describe a plan for electrical transmission and any transmission interconnect studies or agreements completed to date.
- Included in this plan should be a discussion of any potential phasing of the wind farm development. Identify the criteria used to locate wind turbines on project lands. The project summary must include an estimate of the number and type of turbines placed on state trust land. In addition, the plan should identify any state trust lands that would not have turbines located on them, but would have electric transmission lines and/or access roads.
- Construction – provide anticipated construction dates(s)

- Commercial operation – provide anticipated commercial operation date(s)
- Power Purchase Plan – Demonstrate the ability to obtain a power purchase agreement (PPA), show other PPA's that have been negotiated and secured.

3.8 MET Towers

Provide evidence of MET tower agreements in or adjacent to the project area along with operational dates for the MET towers.

3.9 Turbine Manufacturers and Procurement

Describe any existing relationships with wind turbine manufacturers and ability to procure wind turbines and on what timeframes.

3.10 Compensation to the State

The minimum bid amounts are detailed in this section below. Responses should indicate both the minimum bid from the RFP, and the bid from the respondent.

3.10.1 *Exploration and Secured Development Rights*

Wind exploration and the right to hold the property for wind development has a minimum bid of \$1.25 per acre per year for years 1-5 of a five-year land use license (LUL). Should additional time be needed the LUL may be extended for an additional five years at a rate double the amount bid in the RFP response for the first five years. This right to hold the property for wind development cost as proposed will carry over to the lease document until such time under the lease the other compensation elements (below) are triggered by construction and operation of the wind farm.

3.10.2 *Installation Fees*

Minimum one time installation fee equal to \$2,500 per megawatt of installed capacity.

3.10.3 *Operating Fee*

Three percent (3.0%) of gross annual revenues, or \$3,000 for each megawatt of installed capacity annually, whichever is greater; or if applicable the minimum shall be not less than 6% of the appraised land value. Gross Annual Revenues is defined below.

3.10.4 *Definition of "Gross Annual Revenues"*

The fair market value of electricity produced upon the leasehold, or all compensation received by the lessee for the production of electricity and its attributes, whichever is greater. Payments received by or on behalf of the Lessee from a utility or from any other person or entity for electrical generating capacity and for electricity sold to a utility or to any other person or entity by the Lessee which is generated from the normal and intended use of the wind power facilities

constructed by the Lessee and located on the state trust land. Revenues shall be determined as measured at the interconnect to a utility transmission system of another purchaser of electrical energy, without deduction of offset of any kind, including all revenues from green tag/certificated, pollution or environmental credits or offsets. For the purpose of computing gross revenue from green tag/certificates, pollution or environmental credits or offsets, the lessor's portion will be based on a ration of the total energy produced at the lease premises to the total energy produced at the wind project. For the purposes of computing gross revenues all electricity generated at the lease premises that is donated or bartered electricity or non-electric products shall be valued at the rate of its most recent prior sale by the lessee, or prevailing commercial rates, whichever is higher. This also includes payments to the Lessee by an insurer or by the manufacturer of any wind turbine generator, which are made specifically in lieu of revenues as defined above.

3.11 Proposal Evaluation

Phase I – 300 points maximum.

Compliance with the threshold criteria in Sections 1.4, 2.2 and 2.6. Proposals that do not satisfy the threshold criteria will not receive further consideration.

3.11.1 Compensation to the State: 100 points

Any bid in this section below the minimum described will exclude the bidder from consideration for this RFP.

Exploration and development rights. Bid on a per acre basis.....20 pts
Years 1 – 5 – minimum bid \$1.25 per acre per year

Installation fee – minimum bid \$2,500 per megawatt.5 pts

Royalty – Minimum bid 3% with bid expressed as a percentage of the gross annual revenues as defined in Section 3.11.4.75 pts

Any proposed increases in royalty rate must be at a 10 year interval.

Years 1 – 10

Years 11 – 20

Years 20 – 30

Years 30 – 40, and beyond

* Due to the uncertainty of the date a project would become operational, for comparison and scoring purposes all projects will be assumed to be operational in year 6.

3.11.2 Project Summary: 100 points

Plan of development identifies major milestones (The department anticipates developments to begin within 5 years and prefers shorter timelines).20 pts

Without public access, is legal access to the site secured through adjacent lands.....20 pts

Wind development rights secured on neighboring lands	10 pts
Wind data collected.....	10 pts
Environmental baseline information collected	10 pts
Interconnect process request applications made	10 pts
Power purchase agreement completed	20 pts

3.11.3 *Risk Management Characteristics:* 100 points

Average experience of the bidder and team in wind farm development and operation
One point per year of averaged experience.....20 Pts Max

List projects developed by Bidder including facility name, location, size, megawatts of projects.
One point per 100MW developed experience (no half points).....50 Pts Max

Role of the developer in the wind farm's development and operation.30 Pts Max

Developer/Operator	30 pts
Developer of wind farm only	15 pts
Consultant/other	5 pts

Total:.....300 points

Following review of the information contained in Phase I proposals; the highest legitimate bidder will be selected.

At this point DNRC will offer the successful applicant a land use license for "Exploration and Secured Development Rights." The applicant/developer will be offered a lease for wind power development, pending successful completion of Phase II, and of an environmental analysis of the actions proposed.

PHASE II

4. TECHNICAL PROPOSAL

Phase II must be completed and approved prior to issuance of a lease for wind energy development.

4.1 Project Description

Describe the project in greater detail. Describe the project's features and the work completed to date. Describe the wind data collection program for the site. Discuss how the long-term annual expected energy from the project would be established.

Indicate if requested information is not known. Include the following information (this list is indicative, not exhaustive):

- Project location. Provide a map showing the location of key sites for facilities, including such items as transmission lines, access roads, met towers, substations, operation buildings, etc.
- Project size in acreage. If the project can be expanded, please describe.
- Expected annual and monthly output (in megawatt-hours) of the facility. A graph showing monthly output is suggested.
- The make and model of wind turbines that will be used. If a final wind turbine selection has not been made, list the candidates under consideration.
- Where the facility will connect to a transmission system, and any new transmission facilities that will be required.
- The schedule for permitting and construction, and expected date of commercial operation.

4.2 Demonstration of Financial Ability

Information submitted in Phase II must include a balance sheet (pro-forma) for leasing and developing the property. This must include a summary of projected income and costs for the first 5-10 years of the operation of the lease along with a discussion of the economic assumptions upon which the projections are based. The summary must include an analysis of the annual minimum cash flow requirements for the applicant to break even.

4.3 Project Site and Expansion Potential

Describe the size of the wind power plant (number of units, nameplate capacity, and estimated annual output) to be installed as part of the proposed project on both private and state trust land. If additional wind turbines could be installed in the future, estimate the potential total installed nameplate capacity of wind turbines that could be installed at the site.

4.4 Site Control

Provide documentation of site control, including wind rights, access road, and transmission corridor easements needed to construct and operate the facility during the term of the power purchase agreement. An example of such documentation would be copies of lease agreements with landowners.

4.5 Project Output

Provide an estimate, in tabular form, of monthly and hourly project output in megawatt-hours. Provide this information separately as an Excel file. Describe how the estimate was derived.

4.6 Wind Resource

Describe the source and basis of the wind speed data used in the development of the proposal. Include the purpose and location of the data collection, period of record, levels of measurements and seasonal data recovery, and the organization responsible for the data collection.

4.7 Major Equipment

Describe the selection criteria and process that was used to select the wind turbine. Describe past operating experience, if any, with the selected turbine and manufacturer.

Provide technical specifications for the selected turbine.

Describe the other major wind plant components, such as towers, controllers, major electrical components, and software. Identify the suppliers and provide technical specifications.

Include the schedule for procurement and delivery of the turbines and other key components of the project in the schedule requested in Section 4.10.

4.8 Transmission Availability and Electrical Interconnection

Identify the expected interconnection point to the available transmission system. Discuss any new pole lines, line upgrades, switchyards and substation work required to complete the interconnection.

Discuss the distribution or transmission grid capacity at the interconnection now, after planned upgrade work, and then after the project is in full operation.

Provide copies of system impact studies, interconnection studies, and correspondence with appropriate Transmission Business Line related to the availability of transmission capacity and whether system upgrades will be needed to integrate the proposed wind project.

Discuss the availability of transformers and other long-lead electrical equipment that will be required to support the project.

Describe plans for metering the energy from the project.

Include the schedule for completing the expected electrical interconnection work in the schedule requested in Section 4.10.

4.9 Environmental Review, Key Permits

The proposer is responsible for securing the data and resources necessary to complete an Environmental Assessment (EA) or Environmental Impact Statement (EIS). The DNRC will determine whether an EA or EIS is most appropriate for the proposed project. The extent of the environmental review will be guided by MCA 77-1-122. Discuss known environmental issues relative to the development and operation of the project, including avian issues and baseline noise levels. If possible, provide a copy of an up-to-date listing of candidate, listed, and proposed endangered or threatened species habitat in the proximity of the project. This listing can be obtained from the U.S. Fish and Wildlife Service.

Provide copies of any wildlife or other environmental studies that have been performed related to the project. If such studies are in progress, describe them and identify the person(s) or firm(s) doing the studies including name, title, address, telephone and fax numbers, and email.

Describe measures that will be taken to minimize the potential for avian mortality, noise, and visual impacts of the facility. The proposer is responsible for securing a study of avian impacts from the proposed wind farm.

Identify the key permits (such as a conditional use permit or site certificate) required to build and operate the project. Discuss their current status, the schedule for obtaining key permits and approvals, and the approach to be used. Include this schedule in the schedule requested in Section 4.10.

Outline the process you plan to follow to involve local residents in the planning/permit process.

4.10 Schedule

Show a schedule of tasks in a graphic form, such as a Gantt chart, detailing the length of time required for each task. Include the time lines requested in other sections of this Technical Proposal so that all schedules are together.

4.11 Additional Information

Provide additional information, with appropriate headings, that will help describe the project and plans.

5. FINAL PROJECT REQUIREMENTS

This RFP is directed at experienced wind project developers with demonstrated ability to design, construct, operate, and maintain large-scale wind energy facilities. Applicants must be able to obtain transmission rights, necessary road and utility easements, the lessee is responsible for the design, labor, materials, and equipment necessary to construct and operate the project.

Respondents must be able to obtain construction and long term project financing. Respondents will be responsible for a transmission study to determine if nearby transmission lines have the carrying capacity to accept and deliver energy generated from the wind project and costs associated with the preparation and completion of the environmental review under the Montana Environmental Policy Act (MEPA), see Section 5.3.

5.1 Project Design

The developer must design, engineer, procure, construct, install, and provide all support necessary to build a wind energy facility and deliver the output to an available transmission system. Developer obligations include but are not limited to:

- Securing all land rights, easements, and rights-of-way needed to construct and operate the facility.
- Obtaining or updating any permits or agreements required for the project, including any wheeling agreements necessary to deliver project output to existing transmission systems.
- Paying the costs for environmental impact mitigation, monitoring, and studies required for the project.
- Operating, maintaining, and decommissioning the facility, and the associated costs.

Wind turbines must be appropriate for utility-grade operations and designed to have an expected life commensurate with the term of the lease. Wind turbines must be procured from an established vendor of commercial wind turbines. Advanced wind turbine designs or important modifications to previous versions of the same turbine or auxiliary equipment components will be considered, provided other requirements of this RFP are met. However, field-testing of new turbine designs is not an objective of this RFP, and proven designs will be preferred.

Electrical equipment, metering, and interconnection facilities must be selected, installed, and maintained in accordance with prudent utility industry practices and must comply with further requirements as described in Section 4.7.

5.2 Interconnection to the Transmission Systems

Obtaining a system impact study to determine transmission availability and upgrades necessary to integrate the project is the responsibility of the project developer. A professional Transmission Services Associate should be contacted for information regarding the cost and time required for the system impact study.

Facilities necessary to deliver the output to the transmission line and the cost of hardware and engineering services needed to connect to the system are the responsibility of the project developer. The developer will need to request an interconnection study from the appropriate

owner of the Transmission Line. The Transmission Services Account Executive should be contacted for information regarding the cost and time required for the interconnection study.

5.3 Environmental and Permitting Considerations

MEPA requires state agencies to consider the environmental consequences of a major decision prior to making an irretrievable commitment of resources. It is expected that in nearly all cases an Environmental Assessment (EA) or Environmental Impact Statement (EIS) will need to be completed before making a decision whether to sign a lease agreement for a new wind power facility on state school trust land. DNRC will have sole discretion to decide the level of environmental review required.

An EA with a finding of one or more significant impacts related to the proposal would automatically elevate the environmental review to an EIS.

An EA with no significant findings, referred to as a Finding of No Significant Impact (FONSI) in National Environmental Policy Act language, would mostly likely allow the project to proceed with only the EA level of environmental review.

Most power projects require an EIS.

The applicant will pay for the EA or EIS and will be expected to cooperate in the process.

Project design must incorporate state-of-the-art measures to minimize the potential for avian mortality, reduce noise, and minimize visual impacts of the facility. The project must incorporate and comply with mitigation measures identified in the EA or EIS.

If the project requires county or state permits, such as a conditional use permit or site certificate, the developer will be expected to obtain these permits and pay associated costs. Where applicable the EA or EIS can be used to satisfy county or state requirements.

5.4 DNRC Decision-Making Process

DNRC will not make a final decision to proceed with the project until DNRC's decision maker signs a Record of Decision (ROD). A lease agreement could be executed soon after the issuance of the ROD and Land Board approval if applicable.